

Item H-2: Status Update on Affordable Housing Research

Regular Meeting of the Richmond Rent Board | June 21, 2017

Note: This research is in draft form and will continue to be refined based on input and information received from the community, stakeholders, Rent Board, and government agencies.

Item H-2: Statement of the Issue

- Following discussion of the Rent Board at their Special Meeting on May 24, 2017, Rent Program Staff have compiled information pertaining to affordable housing developments in the City of Richmond.

Item H-2: Overview of the Presentation

- I. Overview of Housing Choice Voucher Program (Section 8)
- II. Inventory of Section 8 Units in Richmond Affordable Housing Developments
- III. Overview of Low Income Housing Tax Credit (LIHTC) Program
- IV. Inventory of LIHTC Units in Affordable Housing Developments
- V. Overview of the Section 202 Units in Richmond
- VI. Inventory of Section 202 Units in Richmond
- VII. Next Steps

Item H-2: Overview of Housing Choice Voucher Program (Section 8)

- The housing choice voucher program is the federal government's program for assisting very low-income families, seniors, and the disabled to afford decent, safe, and sanitary housing in the private market.
- The participant can choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Source:

https://portal.hud.gov/hudportal/HUD?src=/topics/housing_choice_voucher_program_section_8

Item H-2: Overview of Housing Choice Voucher Program (Section 8)

- Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.
- A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family and the family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Source:

https://portal.hud.gov/hudportal/HUD?src=/topics/housing_choice_voucher_program_section_8

Item H-2: Overview of Housing Choice Voucher Program (Section 8)

- The eligibility for a housing voucher is determined by the Housing Authority based on the total annual gross income and family size. It is limited to US citizens and specified categories of non-citizens who have eligible immigration status.
- In general, the family's income may not exceed 50% of the median income for the county or metropolitan area in which the family chooses to live. By law, a Public Housing Agency must provide 75 percent of its voucher to applicants whose incomes do not exceed 30 percent of the area median income.

Source:

https://portal.hud.gov/hudportal/HUD?src=/topics/housing_choice_voucher_program_section_8

Item H-2: Fair Market Rents (Contra Costa County)

- Fair Market Rents, often abbreviated as FMR, can be used to better understand the average housing costs of an area.
- Notably, Fair Market Rents are used to establish the payment standards for the Housing Choice Voucher Program, maximum rents in HOME financed rental projects and initial rents for Section 8 project based assistance.

2017 Fair Market Rents for Contra Costa County

Studio	One BR	Two BR	Three BR	Four BR
\$1,435	\$1,723	\$2,173	\$3,017	\$3,477

Source: Richmond Housing Authority, June 2017

Item H-2: Housing Voucher Payment Standards

- The payment standards are established by the Housing Authority. The Housing Authority establishes the standards based on the rental rates in the jurisdiction.
- It establishes the rate between 90 and 110% of the HUD published Fair Market rent. Richmond Housing Authority's current Payment Standard is 95% of FMR.

	Studio	One BR	Two B	Three BR	Four BR
FMR	\$1,435	\$1,723	\$2,173	\$3,017	\$3,477
95% (RHA)	\$1,363	\$1,637	\$2,064	\$2,866	\$3,303

Source: Richmond Housing Authority, June 2017

Item H-2: RHA Rent Subsidy

- The maximum housing assistance is generally the lesser of the payment standard minus 30% of the family's monthly adjusted income or the gross rent for the unit minus 30% of monthly adjusted income. The PHA calculates this.

- For example:

Household Composition: Mother and one child

Household Income: \$900 per month

30% Adjusted monthly income= \$258 ($\$900 \times 12 - \$480 / 12 \times .30$)

- Family must pay 30% of adjusted monthly income for rent so RHA's estimated monthly rental subsidy is \$1,806 ($\$2,064 - 258$).

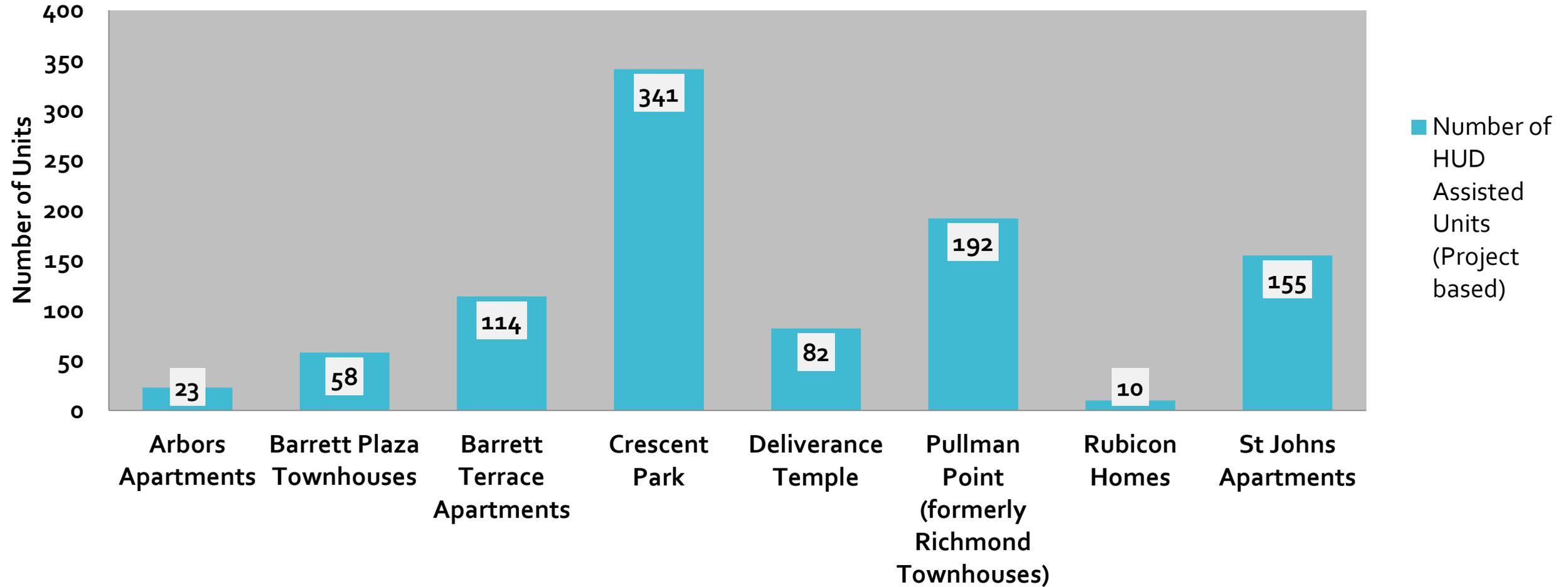
Source:

https://portal.hud.gov/hudportal/HUD?src=/topics/housing_choice_voucher_program_section_8

Item H-2: Rent Adjustment (Section 8)

- Units assisted with *project-based* Section 8 will have their rents adjusted as provided for in the Section 8 Renewal Policy Guide and the HAP contract.
- Units assisted with *tenant-based* Section 8 assistance will have their rents adjusted in accordance with the procedures established by the Housing Authority based on the type of voucher.

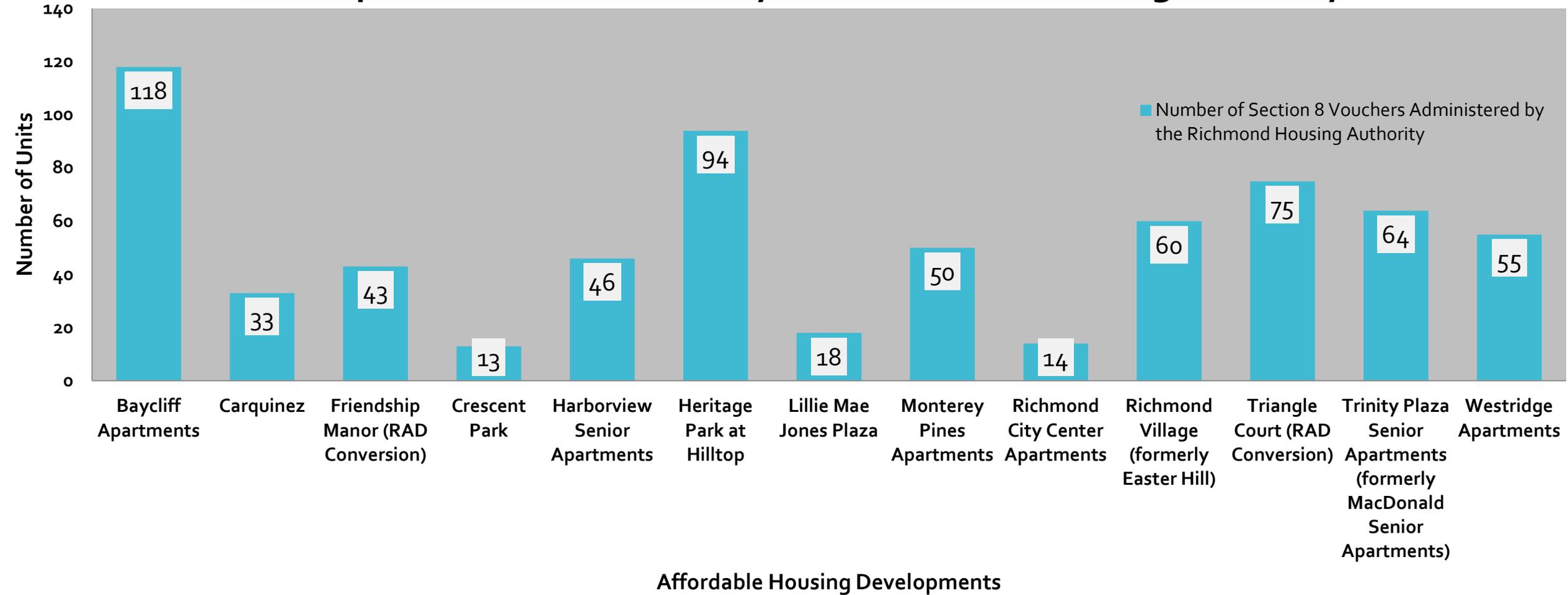
Estimated Number of Section 8- Assisted Units in Affordable Housing Developments funded through Direct Contract with HUD



Affordable Housing Developments

Source: California Housing Partnership Corporation; Richmond Housing Authority, June 2017

Estimated Number of Section 8- Assisted Units in Affordable Housing Developments Administered by the Richmond Housing Authority



Source: Richmond Housing Authority, June 2017

Item H-2: Low-Income Housing Tax Credit (LIHTC)

- Created by the Tax Reform Act of 1986
 - Section 42 of the Internal Revenue Code
- Administered by State Agencies
- Encourages private investment in affordable housing by providing tax credits
 - Developer sells the right to take credits to investors (for 10 years)
- Federal Government establishes minimum set-asides:
 - 40% units at 60% of AMI
 - 20% units at 50% of AMI

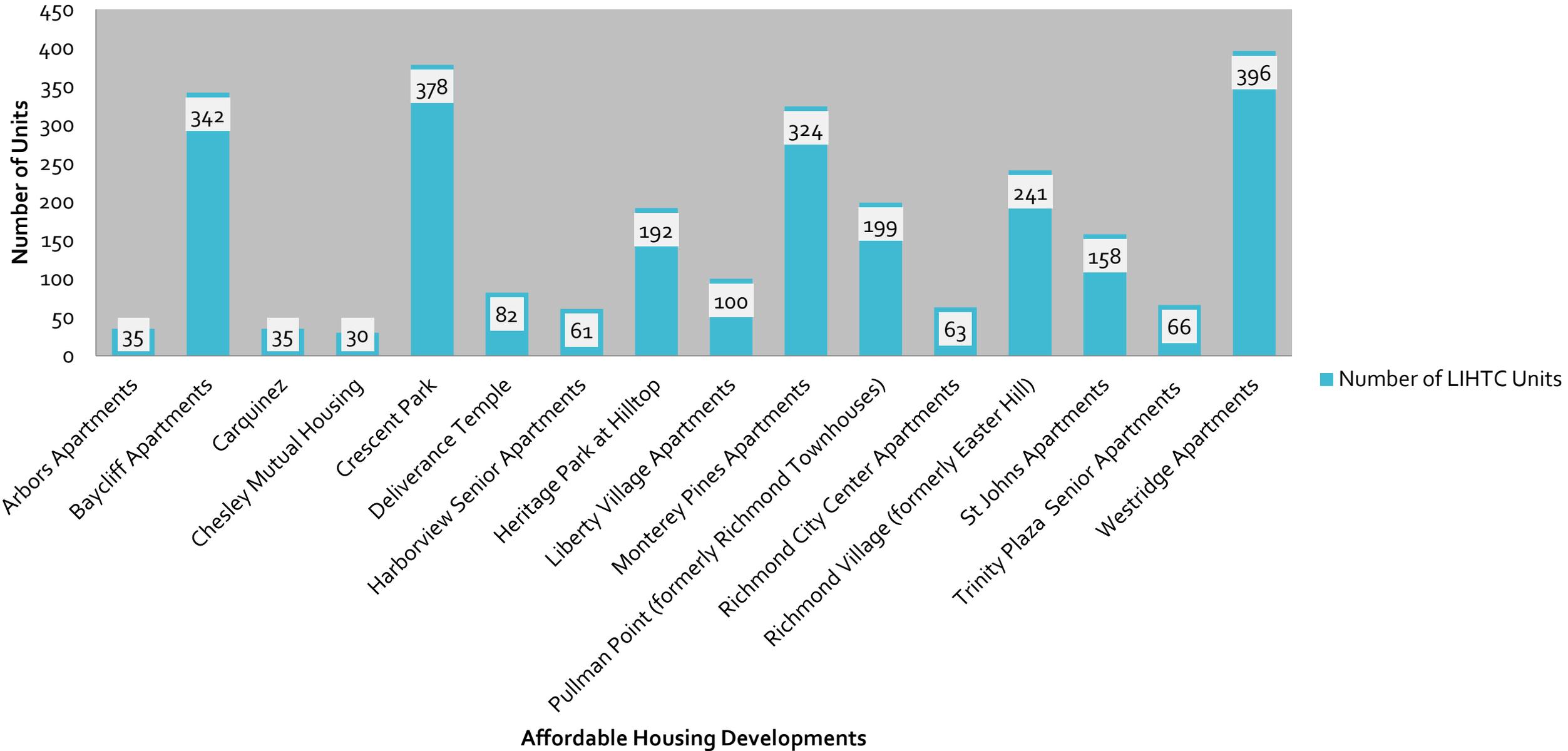
Source: Federal Reserve Bank of San Francisco "ABCs of Low Income Housing Tax Credits"

Item H-2: Low-Income Housing Tax Credit (LIHTC)

- Rents are restricted by income group, bedroom size, and Area Median Income (AMI)
- LIHTC projects must:
 - Be residential;
 - Restrict rents and commit to low income occupancy; and
 - Operate as an affordable project for 55 years.

Source: Federal Reserve Bank of San Francisco “ABCs of Low Income Housing Tax Credits”

Number of LIHTC Properties in the City of Richmond



Item H-2: Section 202 (Senior) Units

- The Section 202 Program is design to assist seniors, or those that require some assistance with their activities of daily living. It is open to seniors 62 years and older; the average resident is 79 years old; and their annual incomes average less than \$10,000.
- The units are designed to accommodate senior individuals' physical challenges and are typically one bedroom. Care and supportive services, such as meals, housecleaning, and transportation are available at these residences.

Source:

https://www.payingforseniorcare.com/longtermcare/resources/hud_section_202.html

Item H-2: Section 202 (Senior) Units

- Preference for admission goes to those whose rent exceeds 50% of their income, those being involuntarily displaced from their current residence, and those living in sub-standard housing.

Item H-2: Statistics of Section 202 units

- One development has Section 202 units: Heritage Park at Hilltop (95 units).

Item H-2: Inventory of Subsidized Units

Types of Subsidy	Number of Rental Units	Composition of Subsidized Rental Units in Affordable Housing Developments
Section 8 Units (Project Based)	975	29%
Section 8 Units (Tenant Based)	683	21%
Section 202 Units	95	3%
LIHTC Units	2,702	81%
Section 236 Units	374	11%
Public Housing Units (Owned by Richmond Housing Authority)	399	12%
Total	3,318	

Item H-2: Rent Adjustment

- Units designated as tax credit units will have their rents adjusted in accordance with the LIHTC rules.
- Any other units receiving other types of assistance will have their rents adjusted in accordance with the applicable program rules.
- Unassisted units will have their rents adjusted upon renewal of the lease in a manner consistent with any state or local rent restrictions.

Item H-2: Recommended Action

- **RECEIVE** a status update on research regarding the City of Richmond's affordable housing developments and **PROVIDE** direction to staff.